

ITEM NO: 7a

DATE OF MEETING: August 14, 2012



Century Agenda

# Century Agenda Milestones & 2013 Business Plan & Capital Briefing

*August 14, 2012*

# Agenda

- Century Agenda Milestones
- Aviation Business & Capital Plan
- Seaport Business & Capital Plan
- Real Estate Business & Capital Plan

# Century Agenda Milestones

*August 14, 2012*

**Over the next 25 years we will add 100,000 jobs through economic growth led by the Port of Seattle, for a total of 300,000 port-related jobs in the region, while reducing our environmental footprint.**

Position the Puget Sound Region as a premier international logistics hub

Advance this region as a leading tourism destination and business gateway

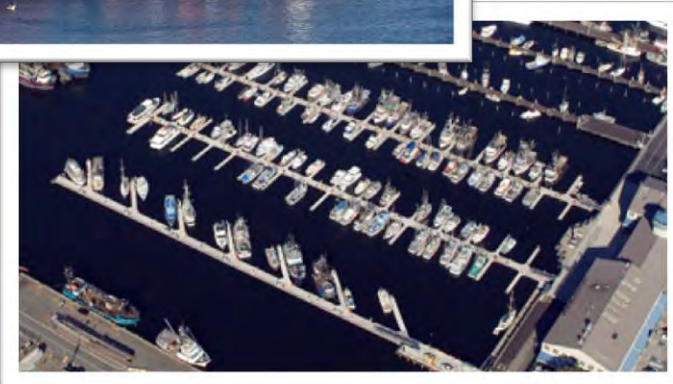
Use our influence as an institution to promote small business growth and workforce development

Be the greenest and most energy efficient port in North America

*We will use the Port's real estate, capital assets and financial capabilities to accomplish our Century Agenda goals. We regard these as tools to thoughtfully steward, rather than areas well suited for specific 25-year goals.*

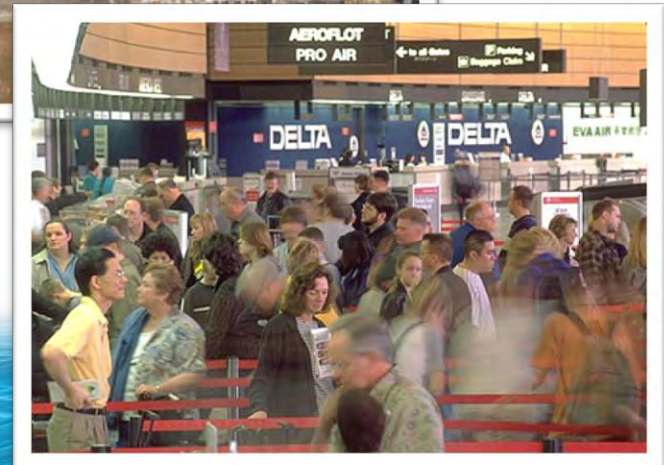
# *Position the Puget Sound region as a premier international logistics hub*

- Grow seaport annual container volume to more than 3.5 million TEUs
- Structure our relationship with Washington ports to optimize infrastructure investments and financial returns
- Triple air cargo volume to 750,000 metric tons
- Triple the value of our outbound cargo to over \$50 billion
- Double the economic value of the fishing and maritime cluster



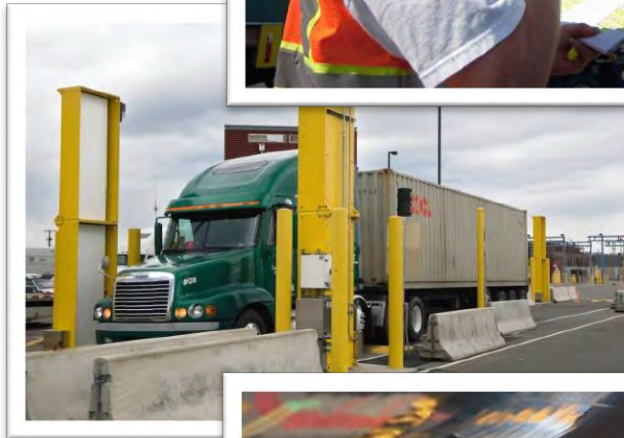
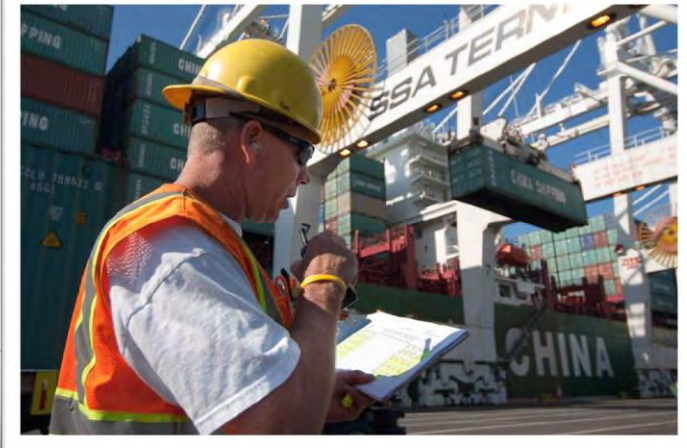
## ***Advance this region as a leading tourism destination and business gateway***

- Make Sea-Tac Airport the west coast “Gateway of Choice” for international travel
- Double the number of international flights and destinations
- Meet the region’s air transportation needs at Sea-Tac Airport for the next 25 years
- Double the economic value of cruise traffic to Washington state



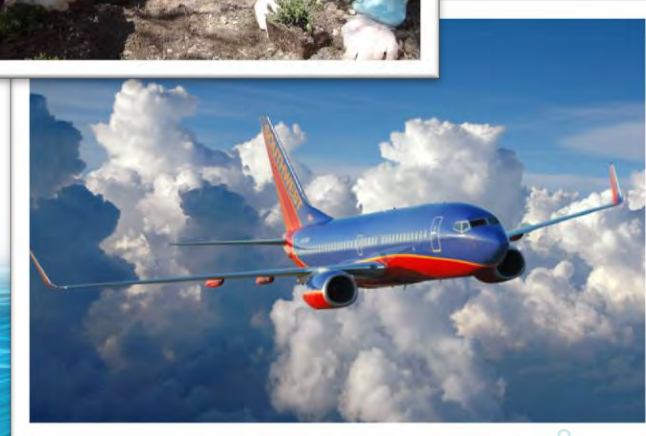
## *Use our influence as an institution to promote small business growth and workforce development*

- Increase the proportion of funds spent by the Port with qualified small businesses firms on construction, goods and services to 25% of the eligible dollars spent
- Increase work force training, job and business opportunities for local communities in trade, travel and logistics



# Be the greenest and most energy efficient port in North America

- Meet all increased energy needs through conservation and renewable sources
- Meet or exceed agency requirements for storm water leaving Port owned or operated facilities
- Reduce air pollutants and carbon emissions, specifically:
  - Reduce air pollutant emissions by 50% from 2005 levels
  - Reduce carbon emissions from all Port operations by 50% from 2005 levels and reduce aircraft-related carbon emissions at Sea-Tac by 25%
- Anchor the Puget Sound urban-industrial land use to prevent sprawl in less developed areas
- Restore, create, and enhance 40 additional acres of habitat in the Green/Duwamish watershed and Elliott Bay





# 2012 Timeline

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## January

- Commission adopted draft Century Agenda goals

## February – July

- Commissioner public outreach

## Summer

- Port staff develops business plans including 5-year milestones

## Fall

- Finalize Century Agenda goals and Regional/Port initiatives

# Aviation Division 2013 Business Plan

*August 14, 2012*

# Outline

- State of Economy and Aviation Industry
- State of Sea-Tac Airport
- Environmental Scan
- Strategies/Strategic Goals
- Links to Century Agenda, Key Initiatives
- Capital Program Overview
- 2013 Budget Challenges

# Airline Industry

- Industry was profitable in 2011
- Heading towards profitable year in 2012 in spite of:
  - Weak economic trends in US
  - Continued economic uncertainty in Europe
  - Relatively high price of oil
- Focus on profit rather than market share allows industry to break ties to economic cycle
  - Focus on cost, profitable routes, high load factors
  - Growth focused on large hubs with international connections
- Locally, Alaska Air Group reported record second quarter earnings

# 2012 Airline Activity at Sea-Tac

- 2012 Enplanements:

|                 | <u>Domestic</u> | <u>Int'l</u> | <u>Total</u> |
|-----------------|-----------------|--------------|--------------|
| <b>June</b>     | 0.9%            | 9.8%         | 1.7%         |
| <b>June YTD</b> | 1.8%            | 5.1%         | 2.2%         |

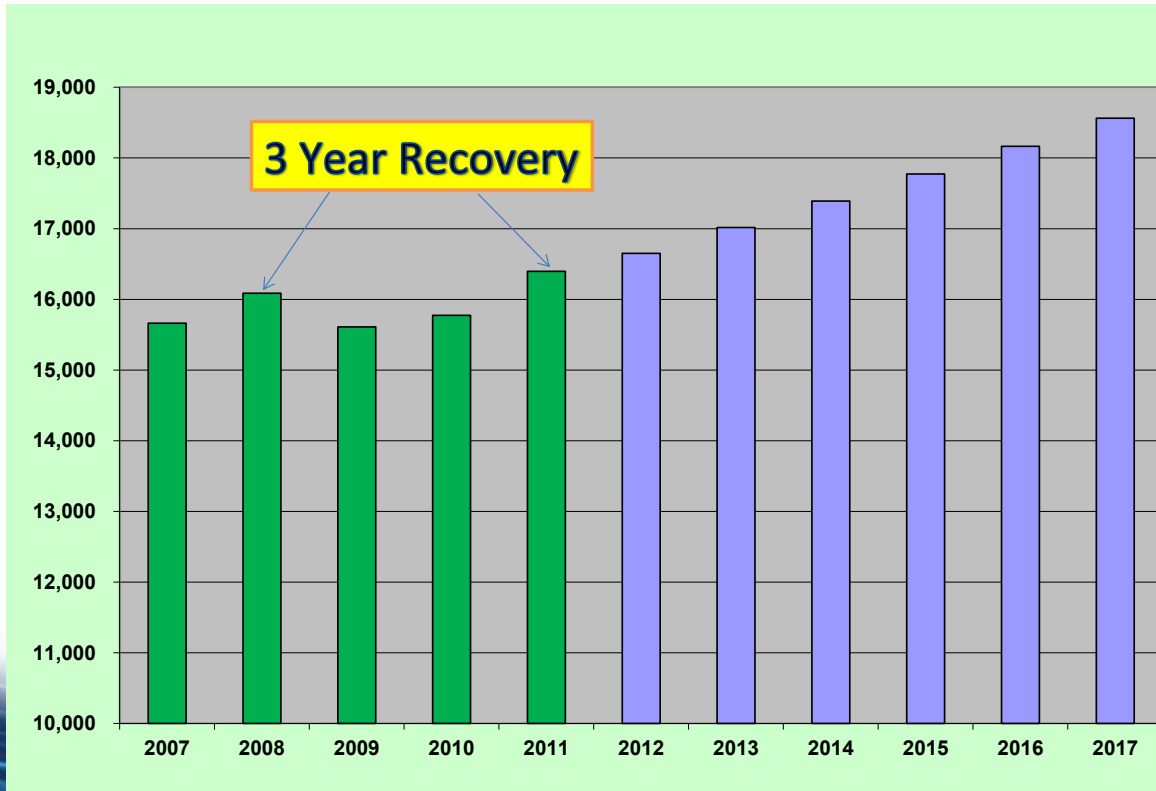
- Growth fueled by increased load factors

|             | <u>Available</u> | <u>Load Factor</u> |             |
|-------------|------------------|--------------------|-------------|
|             | <u>Seats</u>     | <u>2012</u>        | <u>2011</u> |
| <b>June</b> | 0.3%             | 86.8%              | 86.0%       |
| <b>Q2</b>   | 0.2%             | 85.1%              | 84.0%       |
| <b>YTD</b>  | -0.4%            | 83.9%              | 81.9%       |

# State of Sea-Tac Airport

- Enplanement growth first half of 2012 exceeding budget (+2.2%); maintaining 2012 forecast of +1.5%
- Seeing growth in non-airline revenues, particularly concessions, but parking and rental car revenues lower than budgeted in 2012
- Global economic worries, and slow down in U.S. economy cast doubt on strength of recovery
- Enplanement growth of 2.2% forecasted for 2013

# Enplaned Passengers



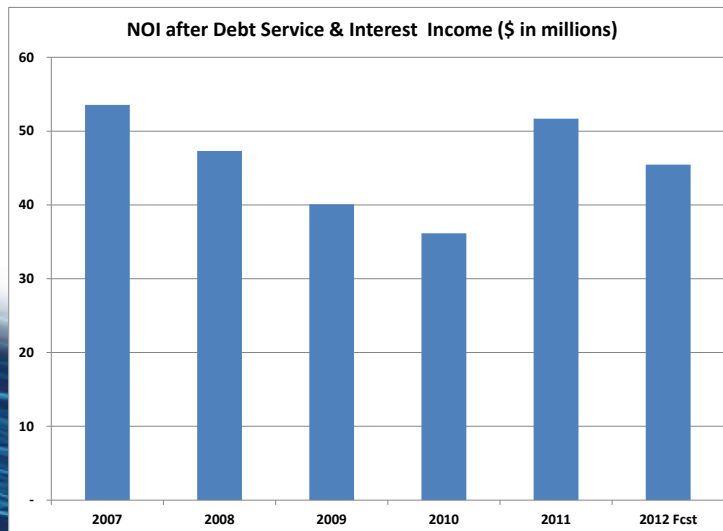
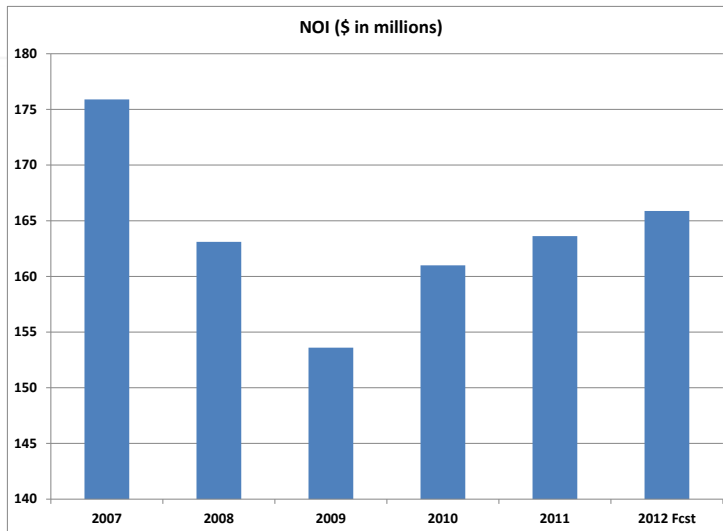
- Traffic dropped only 3% in 2008-9 recession, pointing out resiliency of market demand
- 2011 was bounce back year – sooner than expected
- Assumptions:
  - 2012: 1.5%
  - 2013: 2.2%
  - 2014+: 2.2%

# Financial Trends at Sea-Tac

- Following slides show Sea-Tac's performance since 2007 for key performance measures
- Overall, Sea-Tac has fared well in a deep recession, reflecting the resiliency of the demand for air service in this market, and the ability of the Port to manage through challenging economic circumstances

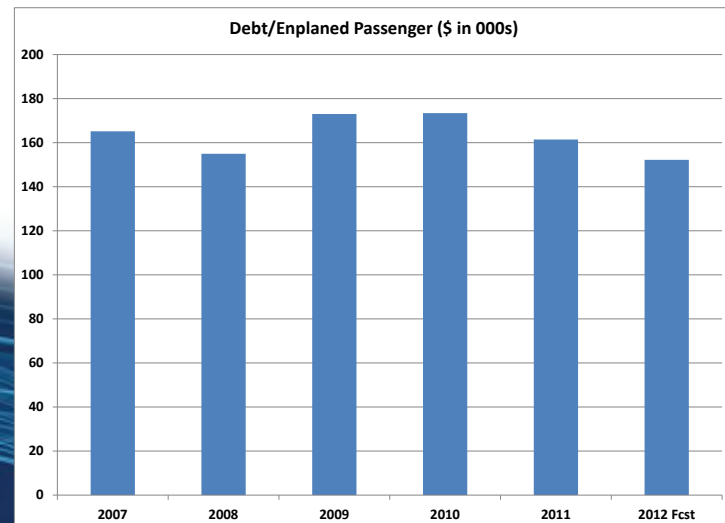
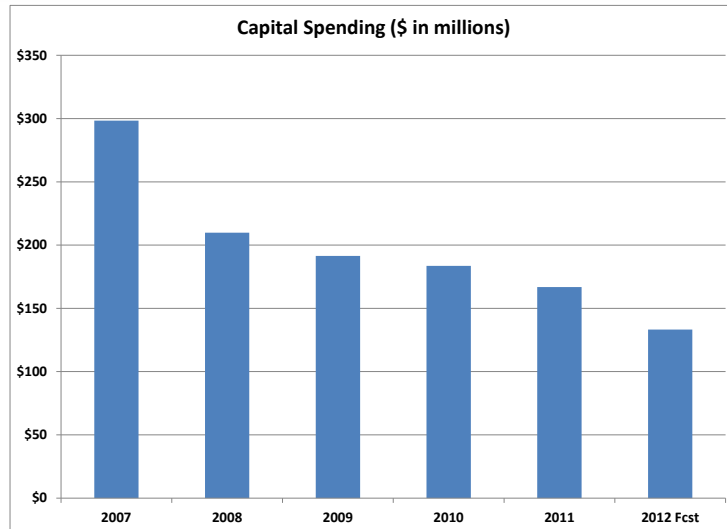


# Net Operating Income



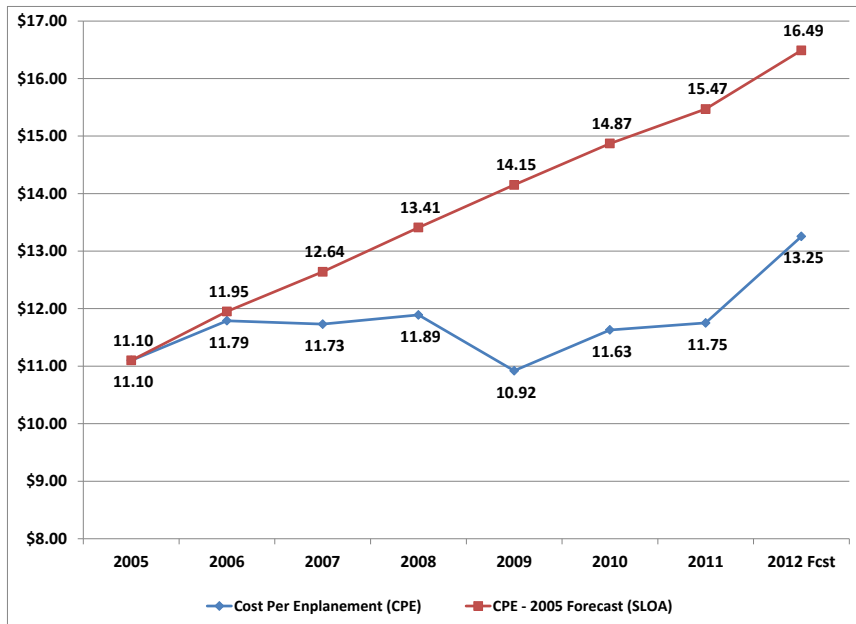
- NOI is traditional measure
  - Good indicator of cash flow, but aeronautical cost-recovery business model can make NOI misleading
    - Increased debt service generates higher NOI
    - Debt service savings produces lower NOI
- NOI after debt service and interest income is better indicator of net cash flow available to invest
- 2012 impacted by non-aero NOI drop

# Capital Spending, Debt



- Capital spending has declined from peak spending years
- Focus has been on rental car facility and renewal and replacement projects
- Issued debt in 2009 (RCF) and 2010.
- Anticipate bond issue in 2013

# Airline Costs - CPE



- Capital spending is major driver of CPE
- Use of PFCs to offset revenue bond debt service mitigated rise in CPE
- Red line shows CPE forecast in 2005 when airline agreement (SLOA) was signed
- CPE has been lower than 2005 forecast in every year

# Environmental Scan: Key Considerations

- Strong finances: O&D airport; cash flow/reserves; low competition
- Anticipate continued growth in international travel, especially Asia
- Cargo declining in 2012, still a long-term opportunity
- Economic uncertainty remains: slow recovery in US, Europe
- Non-aeronautical NOI increasing, needed for future investments
- Major capital requirements: vertical circulation, NorthSTAR, FIS upgrade/replacement
- Long-term throughput/efficiency/cost effectiveness of terminal investments; focus on technology
- Long-term planning issues: airport capacity, drives capacity, hotel, south access, cargo development, off airport property development
- Airline agreement, or no agreement – still discussing

# Business Plan Framework

- Built around Aviation's seven strategies/strategic goals
  - Enduring, long-term
- For each strategic goal, five-year objectives
  - Measurable
  - Incorporates Century Agenda milestones
- For each objective, multiple actions
  - Capital projects
  - Initiatives

1. Operate a world-class international airport by:
  - Ensuring safe and secure operations
  - Meeting needs of our tenants, passengers and the region's economy
  - Managing our assets to minimize the long-term total cost of ownership
2. Become one of the top ten customer service airports in the world by 2015 (measured by the ACI ASQ index)
3. Lead the airport industry in environmental innovation and minimize the airport's environmental impacts

4. Reduce airline costs (CPE) as far as possible without compromising operational and capital needs
5. Maximize non-aeronautical net operating income (NOI) consistent with current contracts, appropriate use of airport properties and market demand
6. Continually invest in a culture of employee development, organizational improvement, and business agility
7. Develop valued community partnerships based on mutual understanding and socially responsible practices

# Considerations for 2013

- Given 2012 O&M growth of 15%, budget target for 2013 is to limit growth of aeronautical O&M to 3%
  - Available budget for new initiatives limited, requiring difficult priority setting
- Aeronautical rate setting model for 2013 dependent on terms of agreement or resolution if no agreement



# Objectives and Actions

- Aviation business plan builds on 2012-2016 business plan. Many objectives remain the same.
- This presentation will focus on:
  - Initiatives tied to Century Agenda
  - Other Key initiatives tied to Aviation strategies

# Century Agenda Links

- Triple air cargo volume to 750,000 metric tons by 2017
  - Increase air cargo volume to 350,000 by 2017
    - Expand Cargo VI - \$6.3 million
    - Expand Cargo II - \$11.8 million
    - Cargo III – install infrastructure to facilitate Federal Express warehouse expansion – \$ TBD
    - Cargo IV – complete analysis of redevelopment needs in 2014
    - Add 2 international main-deck air cargo freighter services
    - Develop air cargo support areas – initiate development by end of 2013.

# Century Agenda Links

- Make Sea-Tac Airport the west coast “Gateway of Choice” for international travel
  - Complete short-term improvements needed to improve customer service in existing FIS facility
    - Not planning to do mid-term improvements to FIS
  - Increase international arrivals operational efficiency – initiate CIP to build new or expand existing FIS facility

# Century Agenda Links

- Double the number of international flights and destinations
  - Develop 3 new international routes, and develop additional service in one existing market by 2017
    - Continue with international incentive program – increased operating cost of \$179K in 2013
    - New/expanded FIS facilities – see prior slide

# Century Agenda Links

- Meet the region's air transportation needs at Sea-Tac Airport for the next 25 years
  - Complete sustainable master plan by 2015
    - \$1.75 million in 2013, \$10 million total cost (including environmental review)
  - Optimize air terminal utilization through incorporation of design flexibility and technology
    - Modify ticket counters in zones 1, 2 and 3 (3 separate CIPs), including common self-bag drop in zone 1.
    - Modify checkpoints 2-5 (future CIP)
  - Evaluate, initiate development of airport hotel
    - \$100K in 2013 for consultant

# Century Agenda Links

- Implement conservation practices that will enable airport to meet all future electricity load growth (2010 baseline) through conservation and renewable energy
  - Develop, design and install energy efficient lighting pilot projects
  - Develop long-term energy forecast (\$25K)
  - Perform energy audits of Sea-Tac facilities (\$60K per year)
  - Develop measurable efficiency metrics for utility and facility

# Century Agenda Links

- Meet or exceed agency requirements for storm water leaving Port owned or operated facilities
  - Establish a low-impact development (LID) program incorporating treatment, on-site retention, infiltration and water reuse concepts in a manner consistent with wildlife hazard management and other limitations
    - Survey public entities with established LID programs
    - Establish methodology to assess low impact development opportunities at new projects through a site review process

# Century Agenda Links

- Reduce air pollutant and carbon
  - Reduce emissions form from vehicle fleet
    - Qualitatively assess airport fleet to determine optimal vehicle turnover rates
  - Complete electrical ground service equipment (EGSE) infrastructure
    - Monitor use and develop plan to ensure 75% of GSE vehicles use new system
  - Complete pre-conditioned air system
  - Develop plan to install electrical vehicle charging stations



# Other Strategic Initiatives

- Maximize non-aeronautical NOI
  - Concessions
    - Complete master plan for concessions program transition 2015 – 2017: \$300K
    - \$500K for leasing consultant. Initiate outreach to potential new operators, particularly small/ACDBE businesses
  - Parking
    - Advertising, branding, search engine optimization: \$36K increase
    - Implement valet parking service: new CIP, new revenues and operating costs in 2013.

# Other Strategic Initiatives

- Employee development/organizational improvement/business agility
  - Continuous Process Improvement (CPI)
    - Continue and increase consulting support (\$30K) to train staff and accelerate use of CPI across the Port.
  - Expand internal internship program by 5% (17 to 20)

# Other Strategic Initiatives

- Community partnerships
  - Complete Part 150 noise and land use study
    - \$175K for implementation plan
    - GRE siting and feasibility study - \$10K
    - Replace noise monitors - \$2 million CIP
- Safe, secure operations
  - Reduce pests in Main Terminal area
    - Implement unified pest control contract - \$215K

# Capital Program

- Significant capital projects not included in 2012-16 capital program include:
  - Aeronautical:
    - All elements of NorthSTAR program (only \$46 million included last year): + \$230 million
    - Long-term FIS solution: \$400+ million
    - 800 MHz radios Next Generation P25 switch \$15 million
    - Baggage system recapitalization – airport costs unknown, but likely significant
  - Non-aeronautical:
    - Hotel, land development infrastructure: cost TBD
  - Roadways – South access: cost TBD

# 2013 Budget Challenges

- Moderate enplanement growth: 2.2%
- Airline realignment peak year spending, approximately \$17 million O&M costs
- Significant RMM expenses associated with capital projects (e.g., NorthSTAR)
- Full year of operating costs for 2012 FTEs for rental car bussing operations
- Potential for new airline rate setting approach

# Seaport Division 2013 Business Plan

*August 14, 2012*

Over the next 25 years, the Seaport will add jobs through economic growth while reducing our environmental footprint. In order to achieve this goal we will accomplish the following:

## **Position Puget Sound region as a premier logistics hub:**

- Grow container volume to 3.5 million TEUs\*
- Structure relationship with WA ports to optimize infrastructure investments and financial returns
- Triple the value of outbound sea cargo
- Double the economic value of fishing & maritime clusters

## **Advance the region as a leading tourism destination:**

- Double the economic value of cruise traffic to WA state

**Use our influence as an institution to promote small business growth and workforce development.**

**Be the greenest, most energy efficient port in N America:**

- Meet all increased energy needs through conservation and renewable sources
- Meet or exceed agency requirements for stormwater<sup>1</sup>
- Reduce air pollutants and carbon emissions; specifically:
  - Reduce air pollutant emissions by 50%<sup>2</sup>
  - Reduce carbon emissions from all port operations 50%<sup>2</sup>
- Anchor Puget Sound urban-industrial land use
- Restore, create and enhance 40 additional acres of habitat in the Green/Duwamish River watershed and Elliott Bay





**Terminal 91**



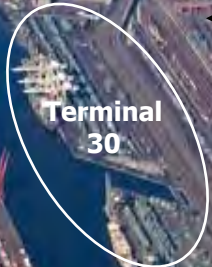
**Pier 86**



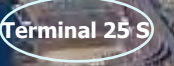
**Pier 66**



**Terminal 46**



**Terminal 30**



**Terminal 25 S**

**T-18 On-Dock Rail**



**Terminal 18**

**T-5 On-Dock Rail**



**Terminal 5**

**BNSF (SIG - North)**



**BNSF (SIG - South)**



**UPRR (ARGO)**



The Seaport strategies, business plan, capital and budget plans are aligned with our Proposed Century Agenda goals.

Our Commercial Strategy is aligned with ***Positioning Puget Sound region as a premier logistics hub*** and ***Advance the region as a leading tourism destination*** all our lines of business will support this goal; including:

- Containers
- Cruise
- Grain
- Industrial Properties
- Fishing & Other Maritime (Commercial Moorage)

The Seaport strategies, business plan, capital and budget plans are aligned with our Proposed Century Agenda goals.

In addition, our Asset Stewardship and Green Gateway Strategies are aligned with ***Using our influence as an institution to promote small business growth and workforce development*** and ***Be the greenest, most energy efficient port in N America*** including programs focused on:

- Small bus./workforce dev.
- Freight mobility & land use
  - Asset stewardship
  - Dredging
- Air quality improvements
- Energy stewardship
- Stormwater mgmt
- Habitat restoration

## Business Development

*Growing the Seaport's Business*

### Strategic Goal

Enhance regional economic development by increasing cargo freight & passengers moving through the Port's Terminals

### Guiding Principles

- Retain existing customers
- Develop & maintain relationships with strategic partners
- Capitalize on opportunities to secure new business
- Maintain freight and passenger mobility

### Overarching Objective

Increase container volume and cruise activity to meet Century Agenda 5 & 25 year objectives

## Financial Sustainability

*Maintaining Financial Independence*

### Strategic Goal

Improve the Seaport's income from operations

### Guiding Principles

- Prioritize projects that generate sustainable rates of return
- Maximize asset utilization to increase returns on investments
- Maintain market lease rates
- Maximize efficiency of dollars spent and resources used

### Overarching Objective

Maintain the Seaport's financial independence

## Port Advocacy

*Building public & community support*

### Strategic Goal

Maintain and support relationships that cultivate overall Port goals for freight movement and economic development in Washington

### Guiding Principles

- Maintain a business-friendly environment
- Ensure efficient freight mobility within the Harbor and on-ward to inland destinations
- Reinforce the Seaport's economic and environmental benefit story

### Overarching Objective

Manage/maintain advocacy for Port issues with Stakeholders

# Container Capacity Growth Plan



Key: Blue = completed Yellow = under way White = planned

## Condition Assessment

*Understand Existing Assets*

### Strategic Goal

Assess and document existing condition of major assets

### Guiding Principles

- Maintain complete asset register
- Perform condition assessments

### Overarching Objective

Maintain a condition assessment program that sustains or extends the life of our assets

## Asset Maintenance

*Maintain Existing Assets*

### Strategic Goal

Reduce total cost of ownership of seaport assets

### Guiding Principles

- Manage assets in a financially sustainable manner
- Align asset maintenance with long term strategies

### Overarching Objective

Prioritize and execute asset maintenance program that sustains our assets

## Capacity Growth

*Invest in New Assets When Warranted*

### Strategic Goal

Align asset investments to support long term market demand

### Guiding Principles

- Enhance existing assets to support long term growth
- Invest in new assets to support commercial strategy

### Overarching Objective

Steward assets to retain existing business and support future growth

## Compliance Management

*Programs we have to do*

### Strategic Goal

Meet local, state and federal regulations as effectively as possible

### Guiding Principles

- Meet legal obligations
- Use scientific knowledge and programmatic approaches to use resources most efficiently
- Partner with internal/external stakeholders for effective environmental management

### Overarching Objective

Minimize the % of environmental budget spent on compliance to maximize resources available for other environmental strategies

## Commercial Support

*Programs that help support our business advantage*

### Strategic Goal

Collaborate with industry to reduce impacts while enhancing our competitive advantage

### Guiding Principles

- Develop environmental initiatives to enhance the Port's economic competitiveness
- Maintain collaborative approach to environmental problem solving

### Overarching Objective

Implement programs that reduce resource use, emissions and the Port's carbon footprint, while increasing our competitive advantage

## Community Commitment

*Initiatives that reflect our commitment*

### Strategic Goal

Engage stakeholders to build understanding and support for environmental initiatives

### Guiding Principles

- Communicate that the Port is an environmental leader and vital economic engine.
- Inform and collaborate with community stakeholders to support economic and environmental sustainability

### Overarching Objective

Inform and engage stakeholders to aid in understanding and support of the Port's focus on balancing economic and environmental sustainability

# Commercial Business

*Seaport Lines of Business*



## Market Outlook:

- Transpacific volume projected at 3.9% growth
- U.S. economy and consumer demand uncertain

## Revenue Assumption:

- Seattle Harbor volume forecast of 1.66M TEUs\*
- Container lease rate increase Jan 1, 2013 offset by GAAP straight-line rent adjustment

## Major Work (in alignment with proposed Century Agenda):

- Support terminal operators to retain & grow business
- Advance export, import & domestic cargo programs

## Major Work (continued)

- Joint market FTZ, Green Gateway, air cargo programs
- Advocate/facilitate terminal access & freight mobility
- Execute Asset Stewardship Program
- Reconstruct major docks to extend useful life
- Evaluate feasibility of intermodal logistics hub
- Negotiate long term lease of Terminal 46
- Initiate program to deepen federal channels
- Assess storm water infrastructure needs
- Advance implementation of improved T18 Access

# Historical Financial Overview

## Container

| <b>Containers</b><br>\$'s Thousands | <b>2010</b><br><b>Actual</b> | <b>2011</b><br><b>Actual</b> | <b>2012</b><br><b>Forecast</b> | <b>2012</b><br><b>Budget</b> |
|-------------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|
| <b>Revenues</b>                     |                              |                              |                                |                              |
| Container Revenues                  | 61,332                       | 64,114                       | 73,724                         | 60,735                       |
| <b>Total Revenues</b>               | <b>61,332</b>                | <b>64,114</b>                | <b>73,724</b>                  | <b>60,735</b>                |
| <b>Expenses</b>                     |                              |                              |                                |                              |
| Seaport Expenses (excl env srvs)    | 5,006                        | 5,998                        | 6,724                          | 7,724                        |
| Environmental Services              | 1,772                        | 1,237                        | 1,222                          | 1,222                        |
| Maintenance Expenses                | 1,470                        | 1,546                        | 1,546                          | 1,546                        |
| P69 Facilities Expenses             | 326                          | 313                          | 336                            | 336                          |
| Other RE Expenses                   | 8                            | 8                            | 20                             | 20                           |
| CDD Expenses                        | 1,367                        | 2,774                        | 4,139                          | 2,939                        |
| Police Expenses                     | 843                          | 951                          | 1,067                          | 1,093                        |
| Corporate Expenses                  | 6,031                        | 6,498                        | 6,959                          | 7,115                        |
| <b>Operating Expenses</b>           | <b>16,821</b>                | <b>19,325</b>                | <b>22,013</b>                  | <b>21,995</b>                |
| <b>Net Operating Income</b>         | <b>44,511</b>                | <b>44,789</b>                | <b>51,711</b>                  | <b>38,740</b>                |

Note\*: \$12,127K of the forecasted increase in 2012 revenue is the result of the refunding of the T18 Special Facility Bonds in December 2011.

# Historical Financial Overview

## Other Facilities

| \$'s Thousands                      | 2010<br>Actual  | 2011<br>Actual  | 2012<br>Forecast | 2012<br>Budget  |
|-------------------------------------|-----------------|-----------------|------------------|-----------------|
| <b>Income From Operations</b>       |                 |                 |                  |                 |
| Terminal 18**                       | 16,097          | 16,235          | 24,850           | 12,661          |
| Terminal 5                          | 22,640          | 23,241          | 23,102           | 22,502          |
| Terminal 46                         | 11,840          | 11,905          | 12,302           | 12,302          |
| Terminal 30 (25/28)                 | 7,646           | 7,978           | 7,650            | 7,650           |
| Terminal 106 West                   | 0               | 0               | 0                | 0               |
| Terminal 3                          | (32)            | (27)            | (36)             | (36)            |
| Container Management                | (2,434)         | (3,372)         | (3,266)          | (3,266)         |
| <b>Total Income From Operations</b> | <b>55,756</b>   | <b>55,959</b>   | <b>64,602</b>    | <b>51,813</b>   |
| <b>Allocations</b>                  |                 |                 |                  |                 |
| Divisional Allocations              | (4,782)         | (3,575)         | (4,078)          | (4,078)         |
| Corporate & CDD Allocations         | (6,463)         | (7,595)         | (8,812)          | (8,994)         |
| <b>Total Allocations</b>            | <b>(11,245)</b> | <b>(11,170)</b> | <b>(12,890)</b>  | <b>(13,072)</b> |
| <b>Net Operating Income</b>         | <b>44,511</b>   | <b>44,789</b>   | <b>51,711</b>    | <b>38,740</b>   |

Note\*\*: Except for 2012 Forecast, Terminal 18 IFO is net of debt service related to special facility revenue bonds.

## Market Outlook:

- Continued growth expected in global cruise industry
- Alaska cruises retain strong market share –  
*a favorite destination for first time and repeat cruisers*

## Revenue Assumptions:

- 186 vessel calls scheduled for 2013
- 820,000 plus revenue passengers

## Major Work (in alignment with proposed Century Agenda):

- Seek long term agreement with additional cruise line
- Market available berths for new Alaska itineraries and NW Cruising (3-4 day ship + landside experience)
- Complete T91 Fender Upgrade & P66 Pile Wrapping

# Historical Financial Overview

## Cruise

| <b>Cruise</b>                    | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   |
|----------------------------------|---------------|---------------|---------------|
| \$'s Thousands                   | <b>Actual</b> | <b>Actual</b> | <b>Budget</b> |
| <b>Revenues</b>                  |               |               |               |
| Cruise Revenues                  | 11,862        | 12,287        | 11,815        |
| <b>Total Revenues</b>            | <b>11,862</b> | <b>12,287</b> | <b>11,815</b> |
| <b>Expenses</b>                  |               |               |               |
| Seaport Expenses (excl env srvs) | 1,043         | 836           | 1,198         |
| Environmental Services           | 98            | 220           | 227           |
| Maintenance Expenses             | 1,390         | 925           | 1,649         |
| P69 Facilities Expenses          | 59            | 56            | 55            |
| Other RE Expenses                | 3             | 15            | 47            |
| CDD Expenses                     | 113           | 209           | 448           |
| Police Expenses                  | 936           | 1,055         | 1,345         |
| Corporate Expenses               | 1,234         | 1,366         | 1,423         |
| <b>Operating Expenses</b>        | <b>4,875</b>  | <b>4,682</b>  | <b>6,392</b>  |
| <b>Net Operating Income</b>      | <b>6,987</b>  | <b>7,605</b>  | <b>5,422</b>  |

## Market Outlook:

- Export corn/soybean market forecast is mixed due to harvest conditions in US and other countries

## Revenue Assumptions:

- Grain volume estimated at 4.5 million metric tons
- Estimate will be refined when terminal operator forecast is received in late August

## Major Work (in alignment with proposed Century Agenda):

- Continue early discussions regarding lease extension

# Historical Financial Overview

## Grain

| <b>Grain</b>                     | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   |
|----------------------------------|---------------|---------------|---------------|
| \$'s Thousands                   | <b>Actual</b> | <b>Actual</b> | <b>Budget</b> |
| <b>Revenues</b>                  |               |               |               |
| Grain Revenues                   | 6,035         | 5,613         | 6,089         |
| <b>Total Revenues</b>            | <b>6,035</b>  | <b>5,613</b>  | <b>6,089</b>  |
| <b>Expenses</b>                  |               |               |               |
| Seaport Expenses (excl env srvs) | 306           | 277           | 261           |
| Environmental Services           | 10            | 3             | 1             |
| Maintenance Expenses             | 29            | 34            | 40            |
| P69 Facilities Expenses          | 30            | 28            | 31            |
| Other RE Expenses                | 1             | 0             | 0             |
| CDD Expenses                     | 41            | 89            | 181           |
| Police Expenses                  | 187           | 207           | 228           |
| Corporate Expenses               | 478           | 536           | 615           |
| <b>Operating Expenses</b>        | <b>1,081</b>  | <b>1,175</b>  | <b>1,357</b>  |
| <b>Net Operating Income</b>      | <b>4,955</b>  | <b>4,439</b>  | <b>4,732</b>  |



## Market Outlook:

- Occupancy expected to remain constant
- Market conditions remains weak

## Revenue Assumptions:

- Revenue forecast to increase by 2.6%

## Major Work (in alignment with proposed Century Agenda):

- T-108 paving overlay

# Historical Financial Overview

## Industrial Properties

| <b>Industrial Properties</b>     | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   |
|----------------------------------|---------------|---------------|---------------|
| \$'s Thousands                   | <b>Actual</b> | <b>Actual</b> | <b>Budget</b> |
| <b>Revenues</b>                  |               |               |               |
| Industrial Properties Revenues   | 13,219        | 13,382        | 14,486        |
| <b>Total Revenues</b>            | <b>13,219</b> | <b>13,382</b> | <b>14,486</b> |
| <b>Expenses</b>                  |               |               |               |
| Seaport Expenses (excl env srvs) | 3,184         | 3,220         | 3,395         |
| Environmental Services           | 692           | 562           | 655           |
| Maintenance Expenses             | 943           | 997           | 1,342         |
| P69 Facilities Expenses          | 87            | 84            | 83            |
| Other RE Expenses                | 126           | 137           | 191           |
| CDD Expenses                     | 210           | 372           | 605           |
| Police Expenses                  | 823           | 910           | 1,000         |
| Corporate Expenses               | 1,592         | 1,800         | 1,912         |
| <b>Operating Expenses</b>        | <b>7,658</b>  | <b>8,081</b>  | <b>9,183</b>  |
| <b>Net Operating Income</b>      | <b>5,561</b>  | <b>5,301</b>  | <b>5,303</b>  |

# Historical Financial Overview

### by Industrial Facility

| \$'s Thousands                      | 2010<br>Actual | 2011<br>Actual | 2012<br>Budget |
|-------------------------------------|----------------|----------------|----------------|
| <b>Income From Operations</b>       |                |                |                |
| Terminal 115                        | 4,150          | 4,325          | 4,345          |
| Terminal 91 Seaport Industrial      | 2,352          | 2,213          | 2,253          |
| Terminal 108                        | 755            | 571            | 592            |
| Terminal 18 Bulk Terminals          | 930            | 964            | 902            |
| Terminal 106 Container Related      | 590            | 544            | 614            |
| Terminal 104                        | (21)           | 76             | 209            |
| Terminal 103                        | 557            | 547            | 549            |
| Pier 16/17                          | 474            | 472            | 499            |
| Terminal 107                        | 204            | 210            | 203            |
| Harbor Island Central               | 187            | 214            | 220            |
| Terminal 106 Bulk Terminals         | 83             | 85             | 86             |
| Terminal 46 Industrial              | 125            | 114            | 7              |
| Terminal 25 South                   | (47)           | (33)           | (171)          |
| Terminal 117                        | (25)           | (26)           | 0              |
| Terminal 10                         | (57)           | (91)           | (109)          |
| Terminal 5 Container Support        | 4              | (85)           | (150)          |
| Terminal 106 Bldgs. 1 & 2           | (208)          | (167)          | 810            |
| Other (former T30 property)         | 0              | 0              | 0              |
| Industrial Properties Admin         | (637)          | (877)          | (1,194)        |
| <b>Total Income From Operations</b> | <b>9,415</b>   | <b>9,057</b>   | <b>9,664</b>   |
| <b>Allocations</b>                  |                |                |                |
| Divisional Allocations              | (1,492)        | (989)          | (1,289)        |
| Corporate & CDD Allocations         | (2,362)        | (2,767)        | (3,072)        |
| <b>Total Allocations</b>            | <b>(3,854)</b> | <b>(3,756)</b> | <b>(4,361)</b> |
| <b>Net Operating Income</b>         | <b>5,561</b>   | <b>5,301</b>   | <b>5,303</b>   |

Income from Operations (IFO) = Revenue – Direct Expense Charges

## Market Outlook:

- Commercial Fishing in Alaska expected to remain strong
- Factory trawler moorage demand expected to remain strong
- Historical demand is expected for other commercial vessels

## Revenue Assumptions:

- Facility use fees at market rates & vessel calls remain flat

## Major Work (in alignment with proposed Century Agenda):

- Increase commercial moorage business harbor wide
- Evaluate models for increasing third party maritime activity

# Historical Financial Overview

## Maritime Operations

| <b>Maritime Operations</b>       | <b>2010</b>   | <b>2011</b>    | <b>2012</b>    |
|----------------------------------|---------------|----------------|----------------|
| \$'s Thousands                   | <b>Actual</b> | <b>Actual</b>  | <b>Budget</b>  |
| <b>Revenues</b>                  |               |                |                |
| Docks Revenues                   | 3,611         | 3,513          | 3,856          |
| <b>Total Revenues</b>            | <b>3,611</b>  | <b>3,513</b>   | <b>3,856</b>   |
| <b>Expenses</b>                  |               |                |                |
| Seaport Expenses (excl env srvs) | 2,006         | 2,214          | 2,239          |
| Environmental Services           | 61            | 105            | 184            |
| Maintenance Expenses             | 1,144         | 1,092          | 1,233          |
| P69 Facilities Expenses          | 25            | 24             | 26             |
| Other RE Expenses                | 8             | 20             | 42             |
| CDD Expenses                     | 265           | 93             | 200            |
| Police Expenses                  | 412           | 455            | 501            |
| Corporate Expenses               | 527           | 590            | 675            |
| <b>Operating Expenses</b>        | <b>4,448</b>  | <b>4,595</b>   | <b>5,100</b>   |
| <b>Net Operating Income</b>      | <b>(837)</b>  | <b>(1,082)</b> | <b>(1,244)</b> |

# Historical Financial Overview

by  
Maritime  
Industrial  
Facility

|                                     | 2010           | 2011           | 2012           |
|-------------------------------------|----------------|----------------|----------------|
| \$'s Thousands                      | Actual         | Actual         | Budget         |
| <b>Income From Operations</b>       |                |                |                |
| Terminal 91 Fishing Related         | 2,562          | 2,201          | 2,207          |
| Terminal 91 Vessel Operations       | 436            | 477            | 377            |
| Terminal 91 Operations Overhead     | (2,425)        | (2,732)        | (2,766)        |
| Terminal 25 Vessel Operations       | 295            | 312            | 313            |
| Pier 2 Docks                        | 51             | 50             | 52             |
| Pier 34 Docks                       | 0              | 0              | 0              |
| Terminal 46 Maritime Docks          | (19)           | 21             | 241            |
| Pier 69 Vessel Operations           | (1)            | (31)           | (44)           |
| Pier 28 Docks                       | (29)           | 105            | 101            |
| Terminal 18 North-Mooring Dolphins  | 0              | 88             | 173            |
| <b>Total Income From Operations</b> | <b>869</b>     | <b>490</b>     | <b>653</b>     |
| <b>Allocations</b>                  |                |                |                |
| Divisional Allocations              | (778)          | (504)          | (667)          |
| Corporate & CDD Allocations         | (928)          | (1,067)        | (1,230)        |
| <b>Total Allocations</b>            | <b>(1,706)</b> | <b>(1,572)</b> | <b>(1,897)</b> |
| <b>Net Operating Income</b>         | <b>(837)</b>   | <b>(1,082)</b> | <b>(1,244)</b> |

Income from Operations (IFO) = Revenue – Direct Expense Charges

# 2013 Outlook: Maritime Security & Emergency Preparedness

## Emergency Preparedness (EP):

- Execute FEMA IEMC\* action plan items for Seaport
- Develop joint EP Program with Real Estate/Corporate
- Develop and conduct EP training and exercising
- Review and strengthen departmental COOP# plans

## Seaport Security:

- Administration of grants for 3rd parties concludes in 2012
- Maintain compliance with Federal security regulations
- Conduct security awareness training and exercising
- Perform security risk assessments and improvements
- Seek & pilot emerging customs screening technology

# Historical Financial Overview

## Maritime Security

| <b>Security</b>                  | <b>2010</b>    | <b>2011</b>   | <b>2012</b>   |
|----------------------------------|----------------|---------------|---------------|
| \$'s Thousands                   | <b>Actual</b>  | <b>Actual</b> | <b>Budget</b> |
| <b>Revenues</b>                  |                |               |               |
| Security Grants                  | 1,791          | 394           | 1,598         |
| <b>Total Revenues</b>            | <b>1,791</b>   | <b>394</b>    | <b>1,598</b>  |
| <b>Expenses</b>                  |                |               |               |
| Seaport Expenses (excl env srvs) | 759            | 353           | 417           |
| Environmental Services           | 0              | 0             | 0             |
| Maintenance Expenses             | 6              | 14            | 8             |
| P69 Facilities Expenses          | 0              | 0             | 0             |
| Other RE Expenses                | 0              | 0             | 0             |
| CDD Expenses                     | 2              | 3             | 16            |
| Police Expenses                  | 0              | 0             | 0             |
| Corporate Expenses               | 517            | 386           | 593           |
| Security Grant Expenses          | 1,983          | 481           | 1,476         |
| <b>Operating Expenses</b>        | <b>3,267</b>   | <b>1,238</b>  | <b>2,510</b>  |
| <b>Net Operating Income</b>      | <b>(1,477)</b> | <b>(843)</b>  | <b>(912)</b>  |



# Projects & Capital Budget

*Seaport Asset Stewardship*

# Terminal 5



| Project                     | CIP STATUS            | 2013            | 2013-2017        | 2018-2022        | TOTAL            | Net Operating Income Snapshot |               |
|-----------------------------|-----------------------|-----------------|------------------|------------------|------------------|-------------------------------|---------------|
|                             |                       |                 |                  |                  |                  | \$'s Thousands                |               |
| T5 Crane Cable Reels        | Commission Authorize  | \$ 40           | \$ 40            | \$ -             | \$ 40            | <b>Terminal 5 - 158 Acres</b> |               |
| T5 Street Vacation Complete | Commission Authorize  | \$ 80           | \$ 1,650         | \$ -             | \$ 1,650         | <b>Revenue</b>                |               |
| T5 Dock Rehabilitation      | Pending Future Author | \$ -            | \$ 4,500         | \$ 1,300         | \$ 5,800         | <b>Expenses</b>               |               |
| T5 New Cranes (4)           | Pending Future Author | \$ -            | \$ 26,000        | \$ 27,100        | \$ 53,100        | Direct Expenses               | 1,401         |
| T5 Dredge Phase 2           | EXPENSE               | \$ 1,250        | \$ 4,080         | \$ -             | \$ 4,080         | Container Management*         | 1,012         |
| T5 Maintenance Dredging     | EXPENSE               | \$ -            | \$ 500           | \$ 7,000         | \$ 7,500         | Divisional Allocations*       | 1,263         |
|                             |                       |                 |                  |                  |                  | Corporate Allocations*        | 2,730         |
| <b>TOTAL</b>                |                       | <b>\$ 1,370</b> | <b>\$ 36,770</b> | <b>\$ 35,400</b> | <b>\$ 72,170</b> | <b>Total Expenses</b>         | <b>6,407</b>  |
|                             |                       |                 |                  |                  |                  | <b>Net Operating Income</b>   | <b>18,097</b> |

*Note - Excludes Prospective Items*

Note\*- Pro-rata share based on total acres

# Terminal 18



| <u>Project</u>                 | <u>CIP STATUS</u>       | <u>2013</u>   | <u>2013-2017</u> | <u>2018-2022</u> | <u>TOTAL</u>     | <u>Net Operating Income Snapshot</u> |               |
|--------------------------------|-------------------------|---------------|------------------|------------------|------------------|--------------------------------------|---------------|
|                                |                         |               |                  |                  |                  | <u>\$'s Thousands</u>                |               |
| T18 Street Vacation Completion | Commission Authorizer   | \$ 80         | \$ 1,290         | \$ -             | \$ 1,290         | <b>Terminal 18 - 194 Acres</b>       |               |
| T18 S Gate Access Improvements | Pending Future Authori: | \$ 500        | \$ 2,000         | \$ -             | \$ 2,000         | <b>Revenue</b>                       |               |
| T18 Dock Rehabilitation        | Pending Future Authori: | \$ -          | \$ 18,600        | \$ -             | \$ 18,600        | <b>Expenses</b>                      |               |
| T18 Remove IHI Cranes          | EXPENSE                 | \$ 128        | \$ 1,128         | \$ -             | \$ 1,128         | Direct Expenses                      | 2,697         |
| T18 Maintenance Dredging       | EXPENSE                 | \$ -          | \$ 200           | \$ 2,800         | \$ 3,000         | Container Management*                | 1,242         |
| T18 Paint MHI Cranes           | EXPENSE                 | \$ -          | \$ -             | \$ 2,200         | \$ 2,200         | Divisional Allocations*              | 1,551         |
|                                |                         |               |                  |                  |                  | Corporate Allocations*               | 3,352         |
| <b>TOTAL</b>                   |                         | <b>\$ 708</b> | <b>\$ 23,218</b> | <b>\$ 5,000</b>  | <b>\$ 28,218</b> | <b>Total Expenses</b>                | <b>8,842</b>  |
|                                |                         |               |                  |                  |                  | <b>Net Operating Income</b>          | <b>18,704</b> |

**Note - Excludes Prospective Items**

Note\*- Pro-rata share based on total acres

# Terminal 30



| <u>Project</u>                           | <u>CIP STATUS</u>       | <u>2013</u>  | <u>2013-2017</u> | <u>2018-2022</u> | <u>TOTAL</u>     | <u>Net Operating Income Snapshot</u>               |              |
|--|-------------------------|--------------|------------------|------------------|------------------|--|--------------|
|  |                         |              |                  |                  |                  | <u>\$'s Thousands</u>                              |              |
| T30 Alaskan Way St Vacation              | Commission Authorized   | \$ 20        | \$ 5,720         | \$ -             | \$ 5,720         | <b>Terminal 30 - 70 Acres</b>                      |              |
| T25 Dock Rehabilitation                  | Pending Future Authoriz | \$ -         | \$ -             | \$ 5,500         | \$ 5,500         | <b>Revenue</b>                                     |              |
| T30 Dock Rehabilitation                  | Pending Future Authoriz | \$ -         | \$ -             | \$ 11,000        | \$ 11,000        | <b>Expenses</b>                                    |              |
| South T25 Container Yd Phase 2           | Pending Future Authoriz | \$ -         | \$ 14,100        | \$ -             | \$ 14,100        | Direct Expenses                                    | 663          |
| T30 Maintenance Dredging                 | <u>EXPENSE</u>          | \$ -         | \$ 2,900         | \$ 2,300         | \$ 5,200         | Container Management*                              | 448          |
|  |                         |              |                  |                  |                  | Divisional Allocations*                            | 560          |
|  |                         |              |                  |                  |                  | Corporate Allocations*                             | 1,210        |
| <b>TOTAL</b>                             |                         | <b>\$ 20</b> | <b>\$ 22,720</b> | <b>\$ 18,800</b> | <b>\$ 41,520</b> | <b>Total Expenses</b>                              | <b>2,881</b> |
|  |                         |              |                  |                  |                  | <b>Net Operating Income</b>                        | <b>5,432</b> |
| <b>Note - Excludes Prospective Items</b> |                         |              |                  |                  |                  | <b>Note* - Pro-rata share based on total acres</b> |              |

# Terminal 46



| <u>Project</u>                   | <u>CIP STATUS</u>      | <u>2013</u>     | <u>2013-2017</u> | <u>2018-2022</u> | <u>TOTAL</u>     |
|----------------------------------|------------------------|-----------------|------------------|------------------|------------------|
| T46 Dock Rehabilitation          | Pending 2013 Authoriz  | \$ 2,400        | \$ 19,800        | \$ -             | \$ 19,800        |
| T46 Viaduct Driven Capital Work  | Pending 2013 Authoriz  | \$ 100          | \$ 300           | \$ -             | \$ 300           |
| T46 Development                  | Pending Future Authori | \$ -            | \$ 37,500        | \$ 2,500         | \$ 40,000        |
| T46 Demo Crane 54                | EXPENSE                | \$ -            | \$ 450           | \$ -             | \$ 450           |
| <u>T46 Paint ZPMC Cranes (4)</u> | <u>EXPENSE</u>         | \$ -            | \$ -             | \$ 2,200         | \$ 2,200         |
| <b>TOTAL</b>                     |                        | <b>\$ 2,500</b> | <b>\$ 58,050</b> | <b>\$ 4,700</b>  | <b>\$ 62,750</b> |

**Note** - Excludes Prospective Items

| <b>Net Operating Income Snapshot</b>        |  | <b>2012</b>     |
|---|--|-----------------|
| \$'s Thousands                              |  | <b>Forecast</b> |
| <b>Terminal 46 - 88 Acres</b>               |  |                 |
| <b>Revenue</b>                              |  | 13,069          |
| <b>Expenses</b>                             |  |                 |
| Direct Expenses                             |  | 767             |
| Container Management*                       |  | 564             |
| Divisional Allocations*                     |  | 704             |
| Corporate Allocations*                      |  | 1,521           |
| <b>Total Expenses</b>                       |  | <b>3,555</b>    |
| <b>Net Operating Income</b>                 |  | <b>9,514</b>    |
| Note* - Pro-rata share based on total acres |  |                 |

# Pier 66



| <u>Project</u>                 | <u>CIP STATUS</u>                   | <u>2013</u>     | <u>2013-2017</u> | <u>2018-2022</u> | <u>TOTAL</u>     |
|--------------------------------|-------------------------------------|-----------------|------------------|------------------|------------------|
| P66 Apron Pile Wrap            | Commission Authorized               | \$ 2,000        | \$ 2,783         | \$ -             | \$ 2,783         |
| Pier 66 Cameras Upgrade Analog | Pending 2013 Authorization          | \$ 370          | \$ 370           | \$ -             | \$ 370           |
| <u>P66 Shore Power</u>         | <u>Pending Future Authorization</u> | <u>\$ 1,000</u> | <u>\$ 13,700</u> | <u>\$ -</u>      | <u>\$ 13,700</u> |
| <b>TOTAL</b>                   |                                     | <b>\$ 3,370</b> | <b>\$ 16,853</b> | <b>\$ -</b>      | <b>\$ 16,853</b> |

**Note - Excludes Prospective Items**

| <b>Net Operating Income Snapshot</b>                        | <b>2012 Forecast</b> |
|---|----------------------|
| <b>\$'s Thousands</b>                                       |                      |
| <b>Pier 66 Cruise Operations Revenue</b>                    | 3,181                |
| <b>Expenses</b>   |                      |
| Direct Expenses   | 800                  |
| Cruise Services Management*                                 | 271                  |
| Divisional Allocations*                                     | 251                  |
| Corporate Allocations*                                      | 784                  |
| <b>Total Expenses</b>                                       | <b>2,106</b>         |
| <b>Net Operating Income</b>                                 | <b>1,075</b>         |
| <small>Note*- Pro-rata share based on total revenue</small> |                      |

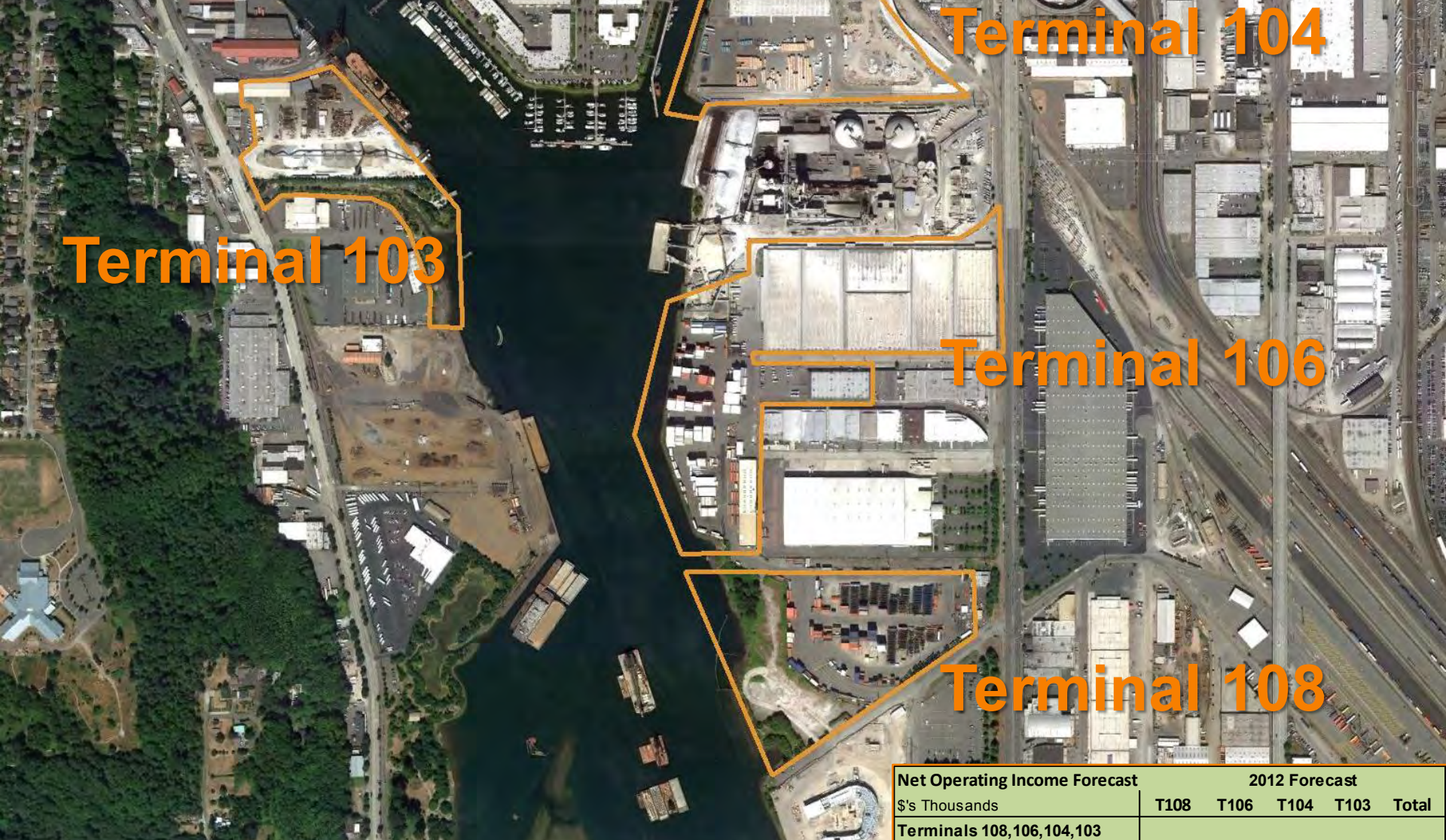
# Terminal 115



| <u>Project</u>             | <u>CIP STATUS</u>       | <u>2013</u>   | <u>2013-2017</u> | <u>2018-2022</u> | <u>TOTAL</u>    |
|----------------------------|-------------------------|---------------|------------------|------------------|-----------------|
| T115 Railroad Spur Upgrade | Pending Future Authoriz | \$ 150        | \$ 1,100         | \$ -             | \$ 1,100        |
| <b>TOTAL</b>               |                         | <b>\$ 150</b> | <b>\$ 1,100</b>  | <b>\$ -</b>      | <b>\$ 1,100</b> |

*Note - Excludes Prospective Items*

| <b>Net Operating Income Snapshot</b>                        |  | <b>2012</b>     |
|---|--|-----------------|
| \$'s Thousands  |  | <b>Forecast</b> |
| <b>Terminal 115</b>   |  |                 |
| <b>Revenue</b>  |  | 4,962           |
| <b>Expenses</b>   |  |                 |
| Direct Expenses   |  | 616             |
| Industrial Properties Mgmt*                                 |  | 409             |
| Divisional Allocations*                                     |  | 441             |
| Corporate Allocations*                                      |  | 1,052           |
| <b>Total Expenses</b>                                       |  | <b>2,519</b>    |
| <b>Net Operating Income</b>                                 |  | <b>2,443</b>    |
| <small>Note*- Pro-rata share based on total revenue</small> |  |                 |



| <u>Project</u>                  | <u>CIP STATUS</u>        | <u>2013</u>   | <u>2013-2017</u> | <u>2018-2022</u> | <u>TOTAL</u>    |
|---------------------------------|--------------------------|---------------|------------------|------------------|-----------------|
| T104 Site Improvements          | Pending Future Authoriza | \$ 400        | \$ 2,080         | \$ -             | \$ 2,080        |
| T106 & T108 Drainage and Paving | Pending Future Authoriza | \$ 300        | \$ 7,200         | \$ -             | \$ 7,200        |
| <b>TOTAL</b>                    |                          | <b>\$ 700</b> | <b>\$ 9,280</b>  | <b>\$ -</b>      | <b>\$ 9,280</b> |

*Note - Excludes Prospective Items*

| <u>Net Operating Income Forecast</u><br>\$'s Thousands | <u>2012 Forecast</u> |              |             |             |              |
|--|----------------------|--------------|-------------|-------------|--------------|
|  | <u>T108</u>          | <u>T106</u>  | <u>T104</u> | <u>T103</u> | <u>Total</u> |
| <b>Terminals 108,106,104,103</b>                       |                      |              |             |             |              |
| <b>Revenue</b>   | 735                  | 1,897        | 293         | 594         | 3,519        |
| <b>Expenses</b>  |                      |              |             |             |              |
| Direct Expenses  | 143                  | 224          | 84          | 45          | 496          |
| Industrial Properties Mgmt*                            | 61                   | 143          | 24          | 49          | 276          |
| Divisional Allocations*                                | 65                   | 154          | 26          | 53          | 299          |
| Corporate Allocations*                                 | 156                  | 368          | 62          | 126         | 712          |
| <b>Total Expenses</b>                                  | <b>425</b>           | <b>888</b>   | <b>197</b>  | <b>273</b>  | <b>1,783</b> |
| <b>Net Operating Income</b>                            | <b>310</b>           | <b>1,009</b> | <b>97</b>   | <b>321</b>  | <b>1,736</b> |

*Note\*- Pro-rata share based on total revenue*



# Terminal 91



# Seaport Projects - Terminal 91

| <u>Project</u>                         | <u>CIP STATUS</u>            | <u>2013</u>     | <u>2013-2017</u> | <u>2018-2022</u> | <u>TOTAL</u>     |
|--|------------------------------|-----------------|------------------|------------------|------------------|
| Pier 90 C175 Roof Replacement          | Commission Authorized        | \$ 105          | \$ 2,396         | \$ -             | \$ 2,396         |
| T30/91 Projects                        | Commission Authorized        | \$ 344          | \$ 344           | \$ -             | \$ 344           |
| P91 Fender System Upgrade              | Commission Authorized        | \$ 850          | \$ 850           | \$ -             | \$ 850           |
| Pier 90 C173 Roof Replacement          | Pending Future Authorization | \$ 200          | \$ 1,500         | \$ -             | \$ 1,500         |
| T91 Second Gangways Per Berth          | Pending Future Authorization | \$ 1,000        | \$ 9,500         | \$ -             | \$ 9,500         |
| Widen T91 West Berth Access            | Pending Future Authorization | \$ 200          | \$ 2,400         | \$ -             | \$ 2,400         |
| T91 Railroad Spur Upgrade              | Pending Future Authorization | \$ 150          | \$ 1,050         | \$ -             | \$ 1,050         |
| T91 Substation Upgrades                | Pending Future Authorization | \$ 150          | \$ 2,500         | \$ -             | \$ 2,500         |
| T91 Industrial Warehouse(in shortfill) | Pending Future Authorization | \$ 100          | \$ 17,400        | \$ -             | \$ 17,400        |
| T91 Berth 6&8 Redev                    | Pending Future Authorization | \$ -            | \$ 24,500        | \$ -             | \$ 24,500        |
| Dredge Pier 90 East Berths             | Pending Future Authorization | \$ -            | \$ 6,600         | \$ -             | \$ 6,600         |
| <u>T91 Maintenance Dredging</u>        | <u>EXPENSE</u>               | \$ -            | \$ 2,300         | \$ -             | \$ 2,300         |
| <b>TOTAL</b>                           |                              | <b>\$ 3,099</b> | <b>\$ 71,340</b> | <b>\$ -</b>      | <b>\$ 71,340</b> |

**Note** - Excludes Prospective Items

# Seaport Projects - Other

| <u>Project</u>                    | <u>CIP STATUS</u>            | <u>2013</u>     | <u>2013-2017</u> | <u>2018-2022</u>  | <u>TOTAL</u>      |
|-----------------------------------|------------------------------|-----------------|------------------|-------------------|-------------------|
| Argo Yard Roadway - Element 1     | Commission Authorized        | \$ 1,910        | \$ 1,958         | \$ -              | \$ 1,958          |
| Cruise Capital Allow-CTA Lease    | Commission Authorized        | \$ 200          | \$ 1,000         | \$ 400            | \$ 1,400          |
| Seaport Security Projects         | Commission Authorized        | \$ 813          | \$ 813           | \$ -              | \$ 813            |
| Seaport Small Projects            | Small Projects               | \$ 700          | \$ 2,900         | \$ 2,500          | \$ 5,400          |
| Seaport Green Port Initiative     | Pending 2013 Authorization   | \$ 815          | \$ 815           | \$ -              | \$ 815            |
| Other                             | Small Projects               | \$ 525          | \$ 3,033         | \$ 3,204          | \$ 6,237          |
| Container Support Yard-3.5M T#1   | Pending Future Authorization | \$ -            | \$ 30,000        | \$ -              | \$ 30,000         |
| East West Waterways Deepening     | Pending Future Authorization | \$ -            | \$ 1,850         | \$ 74,000         | \$ 75,850         |
| Container Support Yard-3.5M T#2   | Pending Future Authorization | \$ -            | \$ -             | \$ 35,000         | \$ 35,000         |
| Pier 34 Dolphins & Cat for Barges | Pending Future Authorization | \$ 500          | \$ 2,500         | \$ -              | \$ 2,500          |
| Contingency Renew & Replace       | Pending Future Authorization | \$ -            | \$ 30,000        | \$ 120,000        | \$ 150,000        |
| <u>Asset Condition Assessment</u> | <u>EXPENSE</u>               | \$ 450          | \$ 1,260         | \$ 2,930          | \$ 4,190          |
| <b>TOTAL</b>                      |                              | <b>\$ 5,913</b> | <b>\$ 76,129</b> | <b>\$ 238,034</b> | <b>\$ 314,163</b> |

**Note** - Excludes Prospective Items

Draft as of 08/03/2012

\$'s in 000's

Commission Authorized/Underway  
 Pending 2013 Authorization  
 Pending Future Authorization  
 Small Projects

**Total**

Major Expense Projects

**Total Projects**

Other

Prospective Capital Projects

|                                | 2013          | 2013-2017      | 2018-2022      | Total          |
|--------------------------------|---------------|----------------|----------------|----------------|
| Commission Authorized/Underway | 6,442         | 18,844         | 400            | 19,244         |
| Pending 2013 Authorization     | 3,685         | 21,285         | 0              | 21,285         |
| Pending Future Authorization   | 4,650         | 256,580        | 276,400        | 532,980        |
| Small Projects                 | 1,225         | 5,933          | 5,704          | 11,637         |
| <b>Total</b>                   | <b>16,002</b> | <b>302,642</b> | <b>282,504</b> | <b>585,146</b> |
| Major Expense Projects         | 1,828         | 12,818         | 19,430         | 32,248         |
| <b>Total Projects</b>          | <b>17,830</b> | <b>315,460</b> | <b>301,934</b> | <b>617,394</b> |
| Other                          |               |                |                |                |
| Prospective Capital Projects   | 0             | 632,950        | 231,500        | 864,450        |

## Operating Revenue:

Projected to increase \$10.5M compared to 2012 Budget:

- Increase due to refunding of T18 Special Facility Bonds \$12.1M
- Increase in crane, industrial property, dock revenue \$1.2M
- Decrease in security grant revenue (\$1.6M)
- Decrease in grain revenue (\$1.0M)
- Estimates will be refined in the 2013 budget process

## Expense Trends and Risks:

- Comprehensive asset condition assessments
- Maintenance dredging
- Repair costs
- Crane removal
- Storm water infrastructure
- NW Clean Air Strategy
- Environmental Remediation Liability Expense
- Tribal fishing coordination

# 2012 Seaport Financial Outlook

| \$'s Thousands                   | 2010          | 2011          | 2012           | 2012          | 2012 Bud Var   |              |
|----------------------------------|---------------|---------------|----------------|---------------|----------------|--------------|
|                                  | Actual        | Actual        | Forecast       | Budget        | \$             | %            |
| <b>Revenues</b>                  |               |               |                |               |                |              |
| Operating Revenues               | 96,060        | 98,910        | 110,361        | 96,980        | 13,381         | 13.8%        |
| Security Grants                  | 1,791         | 394           | 2,603          | 1,598         | 1,005          | 62.9%        |
| <b>Total Revenues</b>            | <b>97,850</b> | <b>99,304</b> | <b>112,964</b> | <b>98,578</b> | <b>14,386</b>  | <b>12.7%</b> |
| <b>Expenses</b>                  |               |               |                |               |                |              |
| Seaport Expenses (excl env srvs) | 12,303        | 12,899        | 14,476         | 15,236        | 760            | 5.0%         |
| Environmental Services           | 2,632         | 2,127         | 2,289          | 2,289         | 0              | 0.0%         |
| Maintenance Expenses             | 4,981         | 4,608         | 5,817          | 5,817         | 0              | 0.0%         |
| P69 Facilities Expenses          | 527           | 506           | 531            | 531           | 0              | 0.0%         |
| Other RE Expenses                | 147           | 180           | 300            | 300           | 0              | 0.0%         |
| CDD Expenses                     | 1,998         | 3,539         | 5,588          | 4,388         | (1,200)        | -27.3%       |
| Police Expenses                  | 3,201         | 3,578         | 4,141          | 4,167         | 26             | 0.6%         |
| Corporate Expenses               | 10,378        | 11,177        | 12,176         | 12,332        | 156            | 1.3%         |
| Security Grant Expenses          | 1,983         | 481           | 2,688          | 1,476         | (1,212)        | -82.1%       |
| Envir Remed Liability            | 1,439         | (633)         | 0              | 0             | 0              | NA           |
| <b>Operating Expenses</b>        | <b>39,590</b> | <b>38,463</b> | <b>48,006</b>  | <b>46,536</b> | <b>(1,470)</b> | <b>-3.8%</b> |
| <b>Net Operating Income</b>      | <b>58,261</b> | <b>60,842</b> | <b>64,958</b>  | <b>52,042</b> | <b>12,916</b>  | <b>24.8%</b> |

Note\*: \$12,127K of the forecasted revenue variance is the result of the refunding of the T18 Special Facility Bonds in December 2011.

## Risks:

- Competitive threats
- U.S. economic recovery stalls or contracts
- Loss of business due to traffic congestion
- Loss of business due to lower cost competitive ports
- Escalating liability, project and overhead costs
- Escalating land use pressures
- Legislation/regulation/inequities that impede port competitiveness



## Key Highlights:

- Overall business outlook is uncertain for Seattle
  - *mirroring uncertain U.S. economy and global outlook*
- Business Plan aligns with Century Agenda & CEO goals
- Advance “Commercial Strategy” to retain & grow business
- Build upon “Green Gateway” strategy, brand & successes
- “Asset Stewardship” & dredging are critical area of focus
- Continue business-friendly & collaborative approach
  - Comply with Port & government requirements

# Real Estate Division 2013 Business Plan

*August 14, 2012*

# Division Objectives

- Provide for NOI consistent with 2012 levels
- Continue execution of deferred maintenance obligations
- Maintain an aggressively defensive posture while waterfront infrastructure projects underway
- Position assets for long term growth
- Provide for amended real estate policies as necessary with regard to:
  - Recommendations from Century Agenda planning

Operating Revenues expected to decrease by **approximately 1% relative to 2012 Budget**

- **Positive trailing indicators:**
  - Market conditions continue to tighten, albeit with aggressive owner contributions
  - Capital markets are thawing
  - Development projects are underway (mostly residential)
- **Exposures/risks:**
  - Eastside Rail Corridor sale to King County; GNP bankruptcy
  - Deferred maintenance costs
  - Tenant improvement allowances
  - Competition for capital
  - Pending debt re-payment challenge looms
  - Major infrastructure projects along the waterfront

# Real Estate Division Financial Overview

| \$'s Thousands                        | 2010           | 2011           | 2012           | 2012           | 2012 Bud Var   |               |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|---------------|
|                                       | Actual         | Actual         | Forecast       | Budget         | \$             | %             |
| <b>Revenues</b>                       |                |                |                |                |                |               |
| Revenue                               | 21,500         | 22,071         | 22,068         | 22,389         | (321)          | -1.5%         |
| BHICC & WTC Revenue                   | 8,320          | 9,498          | 9,037          | 10,012         | (975)          | -10.3%        |
| <b>Total Revenues</b>                 | <b>29,820</b>  | <b>31,569</b>  | <b>31,105</b>  | <b>32,401</b>  | <b>(1,296)</b> | <b>-4.1%</b>  |
| <b>Expenses</b>                       |                |                |                |                |                |               |
| Real Estate Exp (excl Maint,P69,Hosp) | 9,305          | 9,759          | 9,920          | 9,920          | 0              | 0.0%          |
| Real Estate BHICC & WTC               | 6,964          | 7,600          | 7,109          | 7,870          | 761            | 10.0%         |
| Eastside Rail Corridor                | 504            | 1,585          | 203            | 203            | 0              | 0.0%          |
| Maintenance Expenses                  | 6,652          | 7,192          | 9,562          | 9,687          | 125            | 1.7%          |
| P69 Facilities                        | 226            | 150            | 198            | 198            | 0              | 0.0%          |
| Environmental Services & Planning     | 924            | 871            | 987            | 987            | 0              | 0.0%          |
| Seaport Expenses (excl env srvs)      | 253            | 359            | 421            | 421            | 0              | 0.0%          |
| CDD Expenses                          | 803            | 917            | 1,266          | 1,266          | 0              | 0.0%          |
| Police Expenses                       | 1,198          | 1,301          | 1,433          | 1,442          | 9              | 0.7%          |
| Corporate Expenses                    | 4,671          | 5,018          | 5,177          | 5,229          | 52             | 1.0%          |
| Envir Remediation Liability           | (2)            | 7              | 0              | 0              | 0              | 0.0%          |
| <b>Operating Expenses</b>             | <b>31,499</b>  | <b>34,758</b>  | <b>36,277</b>  | <b>37,224</b>  | <b>947</b>     | <b>2.7%</b>   |
| <b>Net Operating Income</b>           | <b>(1,678)</b> | <b>(3,189)</b> | <b>(5,172)</b> | <b>(4,823)</b> | <b>(349)</b>   | <b>-10.9%</b> |

# Financial Overview

## Harbor Services – Fishing & Commercial

| <b>Fishing and Commercial</b>      | <b>2010</b>    | <b>2011</b>    | <b>2012</b>    |
|------------------------------------|----------------|----------------|----------------|
| \$'s Thousands                     | <b>Actual</b>  | <b>Actual</b>  | <b>Budget</b>  |
| <b>Revenues</b>                    |                |                |                |
| Operating Revenues                 | 2,753          | 2,549          | 2,667          |
| <b>Total Revenues</b>              | <b>2,753</b>   | <b>2,549</b>   | <b>2,667</b>   |
| <b>Expenses</b>                    |                |                |                |
| Real Estate Exp (excl Maint & P69) | 1,850          | 1,757          | 1,847          |
| Maintenance Expenses               | 1,430          | 1,435          | 1,828          |
| P69 Facilities                     | 23             | 23             | 33             |
| Environmental Services & Planning  | 324            | 277            | 309            |
| Seaport Expenses (excl env srvs)   | 45             | 67             | 70             |
| CDD Expenses                       | 335            | 198            | 225            |
| Police Expenses                    | 430            | 465            | 519            |
| Corporate Expenses                 | 857            | 866            | 964            |
| <b>Operating Expenses</b>          | <b>5,296</b>   | <b>5,090</b>   | <b>5,795</b>   |
| <b>Net Operating Income</b>        | <b>(2,543)</b> | <b>(2,541)</b> | <b>(3,129)</b> |

# Financial Overview

## Harbor Services – Recreational Boating

| <b>Recreational Boating</b>        | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   |
|------------------------------------|---------------|---------------|---------------|
| \$'s Thousands                     | <b>Actual</b> | <b>Actual</b> | <b>Budget</b> |
| <b>Revenues</b>                    |               |               |               |
| Operating Revenues                 | 8,794         | 8,960         | 8,974         |
| <b>Total Revenues</b>              | <b>8,794</b>  | <b>8,960</b>  | <b>8,974</b>  |
| <b>Expenses</b>                    |               |               |               |
| Real Estate Exp (excl Maint & P69) | 2,633         | 2,684         | 2,803         |
| Maintenance Expenses               | 1,647         | 1,543         | 2,145         |
| P69 Facilities                     | 61            | 61            | 81            |
| Environmental Services & Planning  | 309           | 280           | 274           |
| Seaport Expenses (excl env svs)    | 45            | 67            | 70            |
| CDD Expenses                       | 169           | 349           | 412           |
| Police Expenses                    | 337           | 372           | 415           |
| Corporate Expenses                 | 1,715         | 1,813         | 1,881         |
| <b>Operating Expenses</b>          | <b>6,916</b>  | <b>7,170</b>  | <b>8,081</b>  |
| <b>Net Operating Income</b>        | <b>1,878</b>  | <b>1,790</b>  | <b>893</b>    |

# Financial Overview

## Portfolio Management

| <b>Portfolio Management</b>        | <b>2010</b>   | <b>2011</b>   | <b>2012</b>    |
|------------------------------------|---------------|---------------|----------------|
| \$'s Thousands                     | <b>Actual</b> | <b>Actual</b> | <b>Budget</b>  |
| <b>Revenues</b>                    |               |               |                |
| Revenue                            | 8,980         | 9,507         | 9,911          |
| BHICC & WTC Revenue                | 8,320         | 9,498         | 10,012         |
| <b>Total Revenues</b>              | <b>17,300</b> | <b>19,005</b> | <b>19,923</b>  |
| <b>Expenses</b>                    |               |               |                |
| Real Estate Exp (excl Maint & P69) | 4,036         | 4,465         | 4,348          |
| Real Estate BHICC & WTC            | 6,964         | 7,600         | 7,870          |
| Maintenance Expenses               | 3,339         | 3,809         | 5,220          |
| P69 Facilities                     | 58            | 58            | 72             |
| Environmental Services & Planning  | 119           | 168           | 236            |
| Seaport Expenses (excl env srvs)   | 144           | 186           | 201            |
| CDD Expenses                       | 250           | 312           | 556            |
| Police Expenses                    | 431           | 463           | 508            |
| Corporate Expenses                 | 1,747         | 1,872         | 1,978          |
| <b>Operating Expenses</b>          | <b>17,087</b> | <b>18,934</b> | <b>20,989</b>  |
| <b>Net Operating Income</b>        | <b>212</b>    | <b>71</b>     | <b>(1,066)</b> |



# Financial Overview

## Eastside Rail Corridor

| <b>Eastside Rail Corridor</b>      | <b>2010</b>   | <b>2011</b>    | <b>2012</b>   |
|------------------------------------|---------------|----------------|---------------|
| \$'s Thousands                     | <b>Actual</b> | <b>Actual</b>  | <b>Budget</b> |
| <b>Revenues</b>                    |               |                |               |
| Operating Revenues                 | 114           | 85             | 22            |
| <b>Total Revenues</b>              | <b>114</b>    | <b>85</b>      | <b>22</b>     |
| <b>Expenses</b>                    |               |                |               |
| Real Estate Exp (excl Maint & P69) | 157           | 167            | 186           |
| Eastside Rail Corridor             | 504           | 1,585          | 203           |
| Maintenance Expenses               | 6             | 46             | 64            |
| P69 Facilities                     | 0             | 0              | 0             |
| Environmental Services & Planning  | 0             | 30             | 60            |
| Seaport Expenses (excl env svs)    | 0             | 0              | 0             |
| CDD Expenses                       | 11            | 12             | 8             |
| Police Expenses                    | 0             | 0              | 0             |
| Corporate Expenses                 | 74            | 196            | 101           |
| <b>Operating Expenses</b>          | <b>751</b>    | <b>2,037</b>   | <b>621</b>    |
| <b>Net Operating Income</b>        | <b>(637)</b>  | <b>(1,952)</b> | <b>(599)</b>  |

# Financial Overview

## RE Development & Planning

| RE Development & Planning<br>\$'s Thousands | 2010<br>Actual | 2011<br>Actual | 2012<br>Budget |
|---|----------------|----------------|----------------|
| <b>Revenues</b>                             |                |                |                |
| Operating Revenues                          | 756            | 918            | 812            |
| <b>Total Revenues</b>                       | <b>756</b>     | <b>918</b>     | <b>812</b>     |
| <b>Expenses</b>                             |                |                |                |
| Real Estate Exp (excl Maint & P69)          | 628            | 686            | 737            |
| Maintenance Expenses                        | 204            | 308            | 427            |
| P69 Facilities                              | 7              | 6              | 11             |
| Environmental Services & Planning           | 173            | 115            | 108            |
| Seaport Expenses (excl env srvs)            | 19             | 38             | 80             |
| CDD Expenses                                | 37             | 46             | 65             |
| Police Expenses                             | 0              | (0)            | 0              |
| Corporate Expenses                          | 279            | 269            | 305            |
| <b>Operating Expenses</b>                   | <b>1,347</b>   | <b>1,469</b>   | <b>1,733</b>   |
| <b>Net Operating Income</b>                 | <b>(591)</b>   | <b>(551)</b>   | <b>(922)</b>   |

| <b>TOTAL REAL ESTATE DIVISION</b> | <b>2013</b>   | <b>2013-17 Total</b> |
|-----------------------------------|---------------|----------------------|
| Commission Authorized/Underway    | 9,688         | 9,861                |
| Pending 2013 Authorization        | 2,898         | 10,233               |
| Pending Future Authorization      | 2,826         | 39,306               |
| Small Projects                    | 2,471         | 10,221               |
| <b>TOTAL</b>                      | <b>17,883</b> | <b>69,621</b>        |

# Draft 2013 Capital Plan By Location

## Fishermen's Terminal \$ 000's

| <b>FISHERMEN'S TERMINAL</b>                          |                                     | <b>2013</b>  | <b>2013-17 Total</b> |
|--|-------------------------------------|--------------|----------------------|
| <b><u>FT Waterside Projects Capital Projects</u></b> |                                     |              |                      |
| <b>Status</b>  | <b>Description</b>                  |              |                      |
| Small Projects                                       | FT Waterside Small Capital Projects | 15           | 175                  |
| Pending Future Authorization                         | FT NW Dock West Improvements        | 0            | 800                  |
| Pending Future Authorization                         | FT Net Shed 9 Roof Replacement      | 606          | 606                  |
| Pending Future Authorization                         | FT Dock 3 Fixed Pier Improvement    | 0            | 3,000                |
| Pending Future Authorization                         | FT Dock 4 Fixed Pier Improvement    | 0            | 3,500                |
| <b>Total FT Waterside</b>                            |                                     | <b>621</b>   | <b>8,081</b>         |
| <b><u>FT Upland Projects Capital Projects</u></b>    |                                     |              |                      |
| <b>Status</b>  | <b>Description</b>                  |              |                      |
| Commisson Authorized                                 | FT C15 HVAC Improvements            | 3,388        | 3,561                |
| Small Projects                                       | FT Uplands Small Capital Projects   | 125          | 550                  |
| Pending Future Authorization                         | FT Paving/Storm Upgrades            | 150          | 1,650                |
| Pending Future Authorization                         | FT C14 (Downie) Bldg Roof & HVAC    | 0            | 950                  |
| Pending Future Authorization                         | FT C-2 (Norby) Bldg Roof & HVAC     | 150          | 1,150                |
| Pending Future Authorization                         | FT C-15 Bldg East Sewer Line        | 100          | 850                  |
| Pending Future Authorization                         | FT C-15 Bldg Subsidence Imp         | 250          | 2,750                |
| Pending Future Authorization                         | FT 25 Year Plan Improvements        | 500          | 13,000               |
| <b>Total FT Landside</b>                             |                                     | <b>4,663</b> | <b>24,461</b>        |
| <b>TOTAL FISHERMEN'S TERMINAL</b>                    |                                     | <b>5,284</b> | <b>32,542</b>        |

# Draft 2013 Capital Plan By Location

## Shilshole Bay Marina \$ 000's

| <b>SHILSHOLE BAY MARINA</b>                             |                                    | <b>2013</b>  | <b>2013-17 Total</b> |
|---|------------------------------------|--------------|----------------------|
| <b><u>Shilshole Bay Marina Recreational Boating</u></b> |                                    |              |                      |
| <b>Status</b>   | <b>Description</b>                 |              |                      |
| Pending 2013 Authorization                              | SBM Central Seawall Replacement    | 715          | 915                  |
| Pending 2013 Authorization                              | SBM Restroom Replacement           | 100          | 4,800                |
| Pending 2013 Authorization                              | SBM Paving                         | 0            | 1,000                |
| Small Projects  | Small Projects                     | 375          | 825                  |
| Pending Future Authorization                            | SBM Fuel Float & Bldg Improvements | 0            | 1,100                |
| <b>Total SBM Recreational Boating</b>                   |                                    | <b>1,190</b> | <b>8,640</b>         |
| <b><u>Shilshole Bay Marina Commercial Prop</u></b>      |                                    |              |                      |
|   |                                    | 0            | 0                    |
| <b>Total SBM Commercial Prop</b>                        |                                    | <b>0</b>     | <b>0</b>             |
| <b>TOTAL SHILSHOLE BAY MARINA</b>                       |                                    | <b>1,190</b> | <b>8,640</b>         |

# Draft 2013 Capital Plan By Location

## Maritime Industrial Ctr & Harbor Island Marina \$ 000's

| <b>MARITIME INDUSTRIAL CENTER</b>        |                                  | <b>2013</b> | <b>2013-17 Total</b> |
|--|----------------------------------|-------------|----------------------|
| <b><u>Maritime Industrial Center</u></b> |                                  |             |                      |
| <b>Status</b>                            | <b>Description</b>               |             |                      |
| Small Projects                           | MIC Small Capital Projects       | 175         | 225                  |
| Pending Future Authorization             | MIC Building A1 Roof Replacement | 570         | 570                  |
| <b>TOTAL MARITIME INDUSTRIAL CENTER</b>  |                                  | <b>745</b>  | <b>795</b>           |
| <b>HARBOR ISLAND MARINA</b>              |                                  | <b>2013</b> | <b>2013-17 Total</b> |
| <b><u>Harbor Island Marina</u></b>       |                                  |             |                      |
| <b>Status</b>                            | <b>Description</b>               |             |                      |
| Small Projects                           | HIM Small Capital Projects       | 0           | 285                  |
| <b>TOTAL HARBOR ISLAND MARINA</b>        |                                  | <b>0</b>    | <b>285</b>           |

# Draft 2013 Capital Plan By Location

## Central Waterfront \$ 000's

| <b>CENTRAL WATERFRONT</b>                        |                    | <b>2013</b> | <b>2013-17 Total</b> |
|--|--------------------|-------------|----------------------|
| <b>Central Waterfront- Bell Harbor Marina</b>    |                    |             |                      |
| <b>Status</b>                                    | <b>Description</b> |             |                      |
| Small Projects                                   | Small Projects     | 115         | 115                  |
| Pending Future Authorization                     | BHM PileWraps      | 0           | 3,450                |
| <b>Total BHM Recreational Boating</b>            |                    | <b>115</b>  | <b>3,565</b>         |
| <b>Central Waterfront Commercial Bldgs</b>       |                    |             |                      |
| Small Projects                                   | Small Projects     | 370         | 820                  |
| <b>Total Central Waterfront Commerical Bldgs</b> |                    | <b>370</b>  | <b>820</b>           |
| <b>TOTAL CENTRAL WATERFRONT</b>                  |                    | <b>485</b>  | <b>4,385</b>         |

# Draft 2013 Capital Plan By Location

## Other Commercial Properties \$ 000's

| OTHER COMMERCIAL PROPERTIES               |                              | 2013       | 2013-17 Total |
|---|------------------------------|------------|---------------|
| <b><u>Other Commercial Properties</u></b> |                              |            |               |
| <b>Status</b>                             | <b>Description</b>           |            |               |
| Pending 2013 Authorization                | Tenant Improvements -Capital | 259        | 1,694         |
| Small Projects                            | Other Props Small Capital    | 0          | 500           |
| Pending Future Authorization              | T102 Bldg Roof Replacement   | 0          | 2,430         |
| <b>Total Other Commercial Buildings</b>   |                              | <b>259</b> | <b>4,624</b>  |
| <b>TOTAL OTHER COMMERCIAL PROPERTIES</b>  |                              | <b>259</b> | <b>4,624</b>  |



# Draft 2013 Capital Plan By Location

## Pier 69 and Other Projects \$ 000's

| PIER 69 AND OTHER PROJECTS          |                                   | 2013         | 2013-17 Total |
|-------------------------------------|-----------------------------------|--------------|---------------|
| <b><u>Other</u></b>                 |                                   |              |               |
| <b>Status</b>                       | <b>Description</b>                |              |               |
| Commission Authorized               | P69 N Apron Corrosion Control     | 6,300        | 6,300         |
| Pending 2013 Authorization          | P69 Built Up Roof Replace         | 1,824        | 1,824         |
| Small Projects                      | Pier 69 Small Projects            | 145          | 145           |
| Small Projects                      | RE Fleet Replacement              | 476          | 3,466         |
| Small Projects                      | RE Preliminary Planning           | 250          | 1,250         |
| Small Projects                      | RE Technology Projects            | 250          | 1,250         |
| Small Projects                      | Marine Maintenance Small Projects | 175          | 450           |
| Small Projects                      | Unspecified Small Projects        | 0            | 165           |
| Pending Future Authorization        | RE: Contingency Renew.&Replace    | 500          | 3,500         |
| <b>Total Other</b>                  |                                   | <b>9,920</b> | <b>18,350</b> |
|                                     |                                   |              |               |
| <b>TOTAL P69 AND OTHER PROJECTS</b> |                                   | <b>9,920</b> | <b>18,350</b> |

# Real Estate Development and Planning

- Master planning and land development:
  - Terminal 91 Uplands
    - Finalize CSO transaction with King County
  - Des Moines Creek Business Plan
    - Finalize ground lease agreement with Puget Sound Energy
  - Explore emerging opportunities

# Portfolio Management and Leasing

- Property Management
  - Achieve net operating income and occupancy targets
  - Fishermen's Terminal
    - Complete asset condition examination and adopt 25 year plan development scenario
    - Complete FVO lease renewal
    - Transfer title to the Downie building
  - Examine alternatives for energy conservation measures utilizing utility company incentive plans
  - Establish an enduring management protocol for the remainder of the rail corridor

- Financial performance:
  - Achieve net operating income target
- Fishermen's Terminal:
  - Complete asset condition examination and adopt 25 year plan development scenario
  - Implement net locker solution
- Shilshole Bay Marina:
  - Update long term site plan
  - Examine implications of revised Shoreline regulations
- Bell Harbor Marina
  - Plan required infrastructure improvements to wavebreak

# Financial Overview

## Fishermen's Terminal Facility

| <b>Fishermen's Terminal Facility</b> | <b>2010</b>          | <b>2011</b>          | <b>2012</b>          |
|--------------------------------------|----------------------|----------------------|----------------------|
| <b><u>\$'s in 000's</u></b>          | <b><u>Actual</u></b> | <b><u>Actual</u></b> | <b><u>Budget</u></b> |
| Revenue                              | 4,882                | 4,807                | 4,919                |
| Direct Expenses                      | <u>4,742</u>         | <u>5,619</u>         | <u>5,585</u>         |
| Income from Operations               | 139                  | (811)                | (666)                |
| Divisional Allocations               | 1,680                | 919                  | 1,371                |
| Corp Allocations                     | <u>1,826</u>         | <u>2,069</u>         | <u>2,217</u>         |
| Net Operating Income                 | <u>(3,367)</u>       | <u>(3,799)</u>       | <u>(4,254)</u>       |

# Century Agenda Milestones & 2013 Business Plan & Capital Briefing

*August 14, 2012*